

# PIZZA HUT

## 20-Year NNN Sale-leaseback

EXCLUSIVE NET-LEASE OFFERING



# OFFERING MEMORANDUM



7301 Saltsburg Road, Pittsburgh, PA 15235

# Confidentiality and Disclaimer

Marcus & Millichap hereby advises all prospective purchasers of Net Leased property as follows:

The information contained in this Marketing Brochure has been obtained from sources we believe to be reliable. However, Marcus & Millichap has not and will not verify any of this information, nor has Marcus & Millichap conducted any investigation regarding these matters. Marcus & Millichap makes no guarantee, warranty or representation whatsoever about the accuracy or completeness of any information provided.

As the Buyer of a net leased property, it is the Buyer's responsibility to independently confirm the accuracy and completeness of all material information before completing any purchase. This Marketing Brochure is not a substitute for your thorough due diligence investigation of this investment opportunity. Marcus & Millichap expressly denies any obligation to conduct a due diligence examination of this Property for Buyer.

Any projections, opinions, assumptions or estimates used in this Marketing Brochure are for example only and do not represent the current or future performance of this property. The value of a net leased property to you depends on factors that should be evaluated by you and your tax, financial and legal advisors.

Buyer and Buyer's tax, financial, legal, and construction advisors should conduct a careful, independent investigation of any net leased property to determine to your satisfaction with the suitability of the property for your needs.

Like all real estate investments, this investment carries significant risks. Buyer and Buyer's legal and financial advisors must request and carefully review all legal and financial documents related to the property and tenant. While the tenant's past performance at this or other locations is an important consideration, it is not a guarantee of future success. Similarly, the lease rate for some properties, including newly-constructed facilities or newly-acquired locations, may be set based on a tenant's projected sales with little or no record of actual performance, or comparable rents for the area. Returns are not guaranteed; the tenant and any guarantors may fail to pay the lease rent or property taxes, or may fail to comply with other material terms of the lease; cash flow may be interrupted in part or in whole due to market, economic, environmental or other

conditions. Regardless of tenant history and lease guarantees, Buyer is responsible for conducting his/her own investigation of all matters affecting the intrinsic value of the property and the value of any long-term lease, including the likelihood of locating a replacement tenant if the current tenant should default or abandon the property, and the lease terms that Buyer may be able to negotiate with a potential replacement tenant considering the location of the property, and Buyer's legal ability to make alternate use of the property.

By accepting this Marketing Brochure you agree to release Marcus & Millichap Real Estate Investment Services and hold it harmless from any kind of claim, cost, expense, or liability arising out of your investigation and/or purchase of this net leased property.

## CONFIDENTIALITY AND DISCLAIMER

The information contained in the following Marketing Brochure is proprietary and strictly confidential. It is intended to be reviewed only by the party receiving it from Marcus & Millichap and should not be made available to any other person or entity without the written consent of Marcus & Millichap. This Marketing Brochure has been prepared to provide summary, unverified information to prospective purchasers, and to establish only a preliminary level of interest in the subject property. The information contained herein is not a substitute for a thorough due diligence investigation. Marcus & Millichap has not made any investigation, and makes no warranty or representation, with respect to the income or expenses for the subject property, the future projected financial performance of the property, the size and square footage of the property and improvements, the presence or absence of contaminating substances, PCB's or asbestos, the compliance with State and Federal regulations, the physical condition of the improvements thereon, or the financial condition or business prospects of any tenant, or any tenant's plans or intentions to continue its occupancy of the subject property. The information contained in this Marketing Brochure has been obtained from sources we believe to be reliable; however, Marcus & Millichap has not verified, and will not verify, any of the information contained herein, nor has Marcus & Millichap conducted any investigation regarding these matters and makes no warranty or representation whatsoever regarding the accuracy or completeness of the information provided. All potential buyers must take appropriate measures to verify all of the information set forth herein.

## NON-ENDORSEMENT NOTICE

Marcus & Millichap Real Estate Investment Services, Inc. ("M&M") is not affiliated with, sponsored by, or endorsed by any commercial tenant or lessee identified in this marketing package. The presence of any corporation's logo or name is not intended to indicate or imply affiliation with, or sponsorship or endorsement by, said corporation of M&M, its affiliates or subsidiaries, or any agent, product, service, or commercial listing of M&M, and is solely included for the purpose of providing tenant lessee information about this listing to prospective customers.

ALL PROPERTY SHOWINGS ARE BY APPOINTMENT ONLY. PLEASE CONSULT YOUR MARCUS & MILLICHAP AGENT FOR MORE DETAILS.

## SPECIAL COVID-19 NOTICE

All potential buyers are strongly advised to take advantage of their opportunities and obligations to conduct thorough due diligence and seek expert opinions as they may deem necessary, especially given the unpredictable changes resulting from the continuing COVID-19 pandemic. Marcus & Millichap has not been retained to perform, and cannot conduct, due diligence on behalf of any prospective purchaser. Marcus & Millichap's principal expertise is in marketing investment properties and acting as intermediaries between buyers and sellers. Marcus & Millichap and its investment professionals cannot and will not act as lawyers, accountants, contractors, or engineers. All potential buyers are admonished and advised to engage other professionals on legal issues, tax, regulatory, financial, and accounting matters, and for questions involving the property's physical condition or financial outlook. Projections and pro forma financial statements are not guarantees and, given the potential volatility created by COVID-19, all potential buyers should be comfortable with and rely solely on their own projections, analyses, and decision-making.)





# Table of Contents

Investment Highlights	4
Financial Analysis	5
Concept Overview	6
Surrounding Area	7
Location Overview	8
Local Map	9
Regional Map	10
Demographics / Market Overview	11-12







# Investment Highlights

PRICE: \$1,300,000 | CAP: 5.00% | RENT: \$65,000



## About the Investment

- ✓ Long-Term, 20-Year Absolute Triple Net (NNN) Sale-Leaseback
- ✓ Lease Commencement Upon Close of Escrow
- ✓ One-And-A-Half Percent (1.50%) Rental Increases Annually Starting Year Two (2)
- ✓ Four (4), Five (5)-Year Tenant Renewal Options, Bringing the Potential Lease Term to 40 Years
- ✓ Full Franchisee Guarantee from Quality Huts, LLC – One Of The Nation's Largest Pizza Hut Operators

## About the Location

- ✓ Building Was Recently Renovated in 2020
- ✓ Dense Retail Corridor Rite Aid, Aldi, Dunkin' Donuts, McDonald's, Dollar Tree, Shop n' Save, and More
- ✓ Exceptional Location Fundamentals | Approximately Fifteen Miles From Downtown Pittsburgh, PA
- ✓ Strong Demographics | Population Exceeds 135,559 Individuals Within a Five-Mile Radius
- ✓ Strong Traffic Counts | Over 11,221 Vehicles Per Day Along Route 380

## About the Tenant

- ✓ Quality Huts Is One of The Top 5 Largest Pizza Hut Franchisee's in the United States – 185+ Locations
- ✓ Quality Huts Has Over 4,000 Employees and Sells Over 25,000 Pizzas Everyday Across 4 States

## About the Brand

- ✓ Globally Recognized Brand – Pizza Hut Continues to Be the Top Pizza Brand in the Country in Terms of Unit Count and Revenue
- ✓ Proven Track Record with Strong Operational History Across its 16,976 Locations Throughout the United States and in 103 Other Countries



Representative Photo



# Financial Analysis

PRICE: \$1,300,000 | CAP: 5.00% | RENT: \$65,000



## PROPERTY DESCRIPTION

Property	Pizza Hut
Property Address	7301 Saltsburg Road
City, State, ZIP	Pittsburgh, PA
Estimated Building Size	2,567
Estimated Lot Size	+/- 0.65 Acres
Type of Ownership	Fee Simple

## THE OFFERING

Purchase Price	\$1,300,000
CAP Rate	5.00%
Annual Rent	\$65,000

## LEASE SUMMARY

Property Type	Net Leased Quick Service Restaurant
Tenant / Guarantor	QualityHuts, LLC (~185-Units)
Original Lease Term	20 Years
Lease Commencement	Close of Escrow
Lease Expiration	20 Years From COE
Lease Term Remaining	20 Years
Lease Type	Absolute Triple-Net (NNN)
Roof & Structure	Tenant Responsible
Rental Increases	1.50% Annually Starting Year Two (5)
Options to Renew	Four (4) Periods of Five (5) Years Each

## RENT SCHEDULE

Lease Year(s)	Annual Rent	Monthly Rent	Rent Escalation (%)
Year 1	\$65,000	\$5,417	-
Year 2	\$65,975	\$5,498	1.50%
Year 3	\$66,965	\$5,580	1.50%
Year 4	\$67,969	\$5,664	1.50%
Year 5	\$68,989	\$5,749	1.50%
Year 6	\$70,023	\$5,835	1.50%
Year 7	\$71,074	\$5,923	1.50%
Year 8	\$72,140	\$6,012	1.50%
Year 9	\$73,222	\$6,102	1.50%
Year 10	\$74,320	\$6,193	1.50%
Year 11	\$75,435	\$6,286	1.50%
Year 12	\$76,567	\$6,381	1.50%
Year 13	\$77,715	\$6,476	1.50%
Year 14	\$78,881	\$6,573	1.50%
Year 15	\$80,064	\$6,672	1.50%
Year 16	\$81,265	\$6,772	1.50%
Year 17	\$82,484	\$6,874	1.50%
Year 18	\$83,721	\$6,977	1.50%
Year 19	\$84,977	\$7,081	1.50%
Year 20	\$86,252	\$7,188	1.50%

## INVESTMENT SUMMARY

Marcus & Millichap is pleased to present the exclusive listing for the Pizza Hut located at 7301 Saltsburg Road in Pittsburgh, PA. The site will consist of roughly 2,567 rentable square feet of building space on estimated 0.65-acre parcel of land. The Pizza Hut is subject to a 20-year absolute triple-net (NNN) sale-leaseback, which will commence upon close of escrow. The initial annual rent will be \$65,000 and is scheduled to increase by one-and-a-half percent (1.50%) annually starting year two (2) throughout the base term and in each of the four (4), five (5)-year renewal options.



# Concept / Tenant Overview



## About Pizza Hut

Pizza Hut is an American restaurant chain and international franchise, known for pizza and side dishes. It is now corporately known as Pizza Hut, Inc. and is a subsidiary of Yum! Brands, Inc., the world's largest restaurant company.

The first Pizza Hut restaurant was opened in 1958 in Wichita, Kansas, and within a year, the first franchise unit was opened. Today, Pizza Hut is the largest restaurant chain in the world specializing in the sale of ready-to-eat pizza products. Pizza Hut operates in 103 countries and territories throughout the world. As of year end 2019, Pizza Hut had 16,796 units. 97 percent of the Pizza Hut units are franchised.

Pizza Hut operates in the delivery, carryout and casual dining segments around the world. Outside of the U.S., Pizza Hut often uses unique branding to differentiate these segments. Additionally, a growing percentage of Pizza Hut's customer orders are being generated digitally.

Pizza Hut recently revamped their menu, adding five new toppings, six sauces, 10 crust flavors (like "honey Sriracha" and "ginger boom boom"), and even health-conscious "SkinnySlice" pizzas.

## About Quality Huts

Quality Huts, LLC is one of the top five largest Pizza Hut franchisees in the United States. They proudly own and operate ~185 restaurants across four different states and employ approximately 4,000 team members.

Quality Huts is a part of Quality Restaurant Group, LLC ("QR"), which was formed in 2017 by private equity firm GenRock Capital Management. In addition to the Pizza Hut / Quality Huts business, QR is comprised of a 65-unit Sonic franchise, a 27-unit Arby's franchise, and a 70-unit Moe's Southwest Grill business (making them the largest Moe's franchisee in the United States). The combined businesses operate in 350 neighborhoods, have over 10,000 employees, serve 34,000 Sandwichers and 9,200 burritos, and 25,000 pizzas daily.

## General Information

Founded	1958
Website	<a href="http://www.pizzahut.com">www.pizzahut.com</a>
Number of Locations	16,796



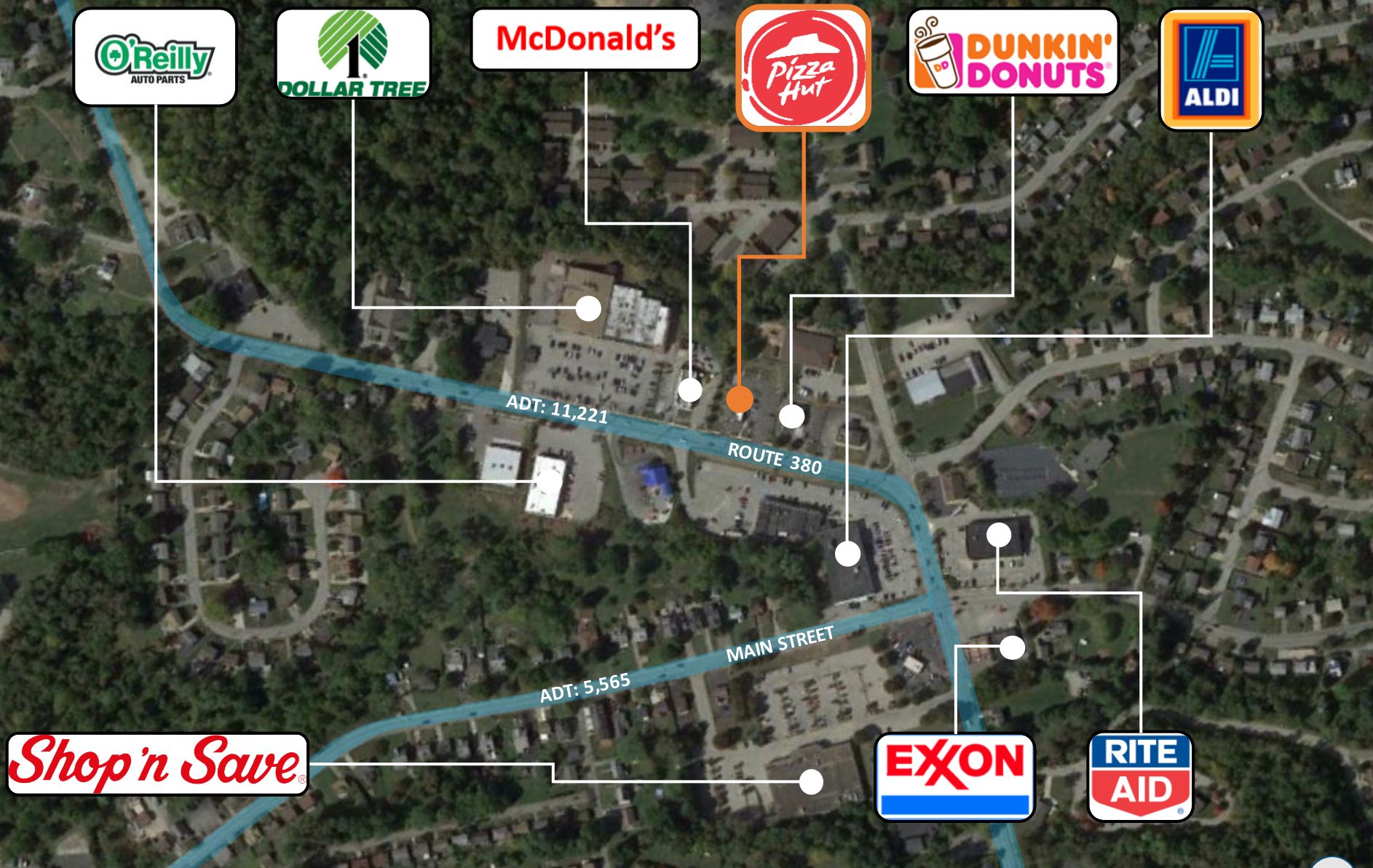
**QUALITY RESTAURANT**  
GROUP, LLC





# Surrounding Area

Property Address: 7301 Saltsburg Rd – Pittsburgh, PA 15235





# Location Overview

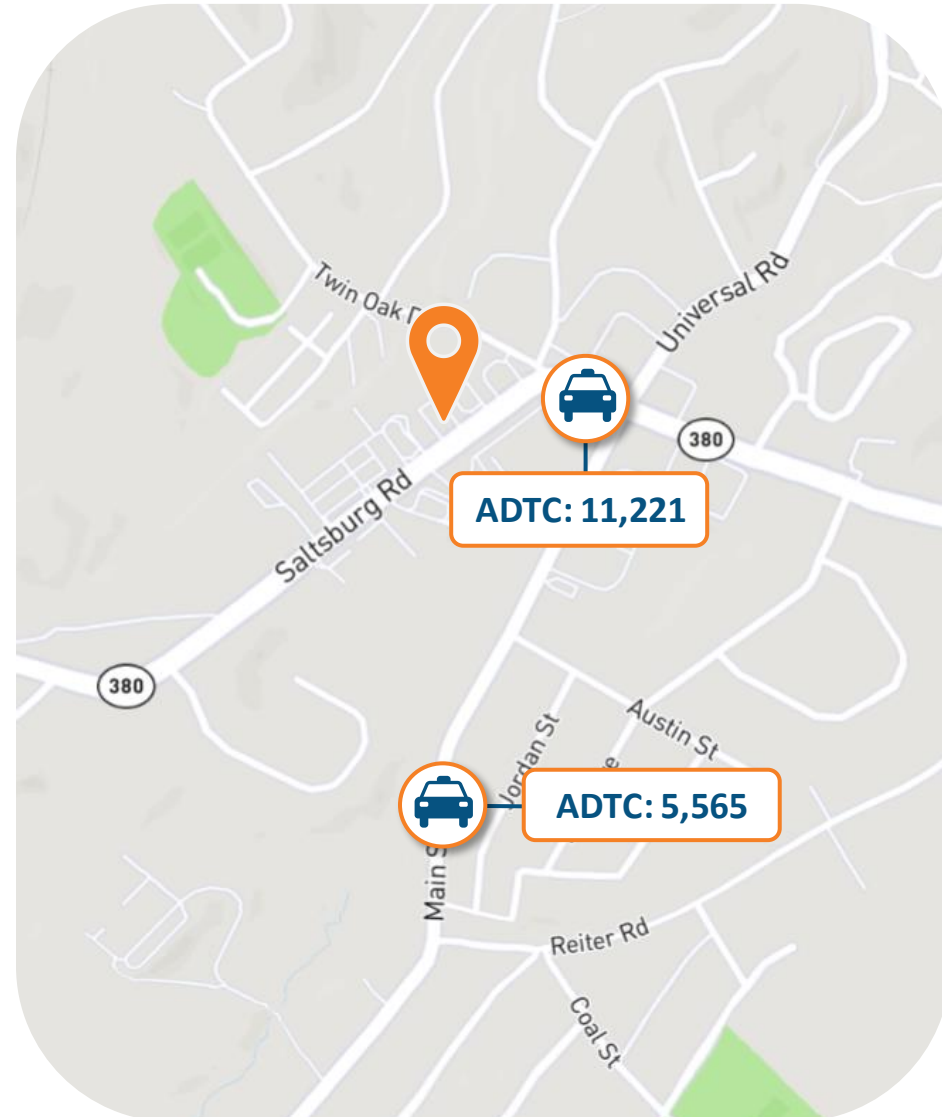
Property Address: 7301 Saltsburg Rd – Pittsburgh, PA 15235



The Pizza Hut property is situated on Route 380, which boasts average daily traffic counts of 11,221 vehicles. Route 380 intersects with Main Street less than a mile away from the subject property, which brings an additional 5,565 vehicles into the immediate area on average daily. There are more than 48,329 individuals residing within a three-mile radius of the property and more than 135,559 individuals within a five-mile radius.

The subject property benefits from being well-positioned in a retail artery consisting of national and local tenants, shopping centers, and educational institutions all within close proximity of this property. Major national tenants in the area include: Rite Aid, Aldi, Dunkin' Donuts, McDonald's, Dollar Tree, Shop n' Save, as well as many others. Alcoma Plaza, a local shopping center, is located just 400ft from the subject property. Additionally, the Penn Hills Charter School of Entrepreneurship, a school of over 400 students, is less than a mile away. This Pizza Hut also benefits from its close proximity to downtown Pittsburgh, which is situated less than fifteen miles away.

The Pittsburgh metro area rests at the foothills of the Allegheny Mountains in the southeastern corner of Pennsylvania, outside the congested East Coast corridor. Consisting of Armstrong, Butler, Fayette, Westmoreland, Washington, Allegheny and Beaver counties, the metro contains nearly 2.4 million residents, with nearly half concentrated in Allegheny county. The region's economy, which was once dominated by the steel industry, has diversified with the help of the area's many colleges and universities. multitude of international firms have headquarters or regional offices in the metro. Additionally, seven Fortune 500 companies are headquartered in Pittsburgh: U.S. Steel Corp., Kraft Heinz Co, PNC Financial, Wesco International, Alcoa, PPG Industries and Dick's Sporting Goods. High-tech is expanding, particularly in automation and manufacturing equipment, software, biotechnology, environmental services, and pharmaceuticals.

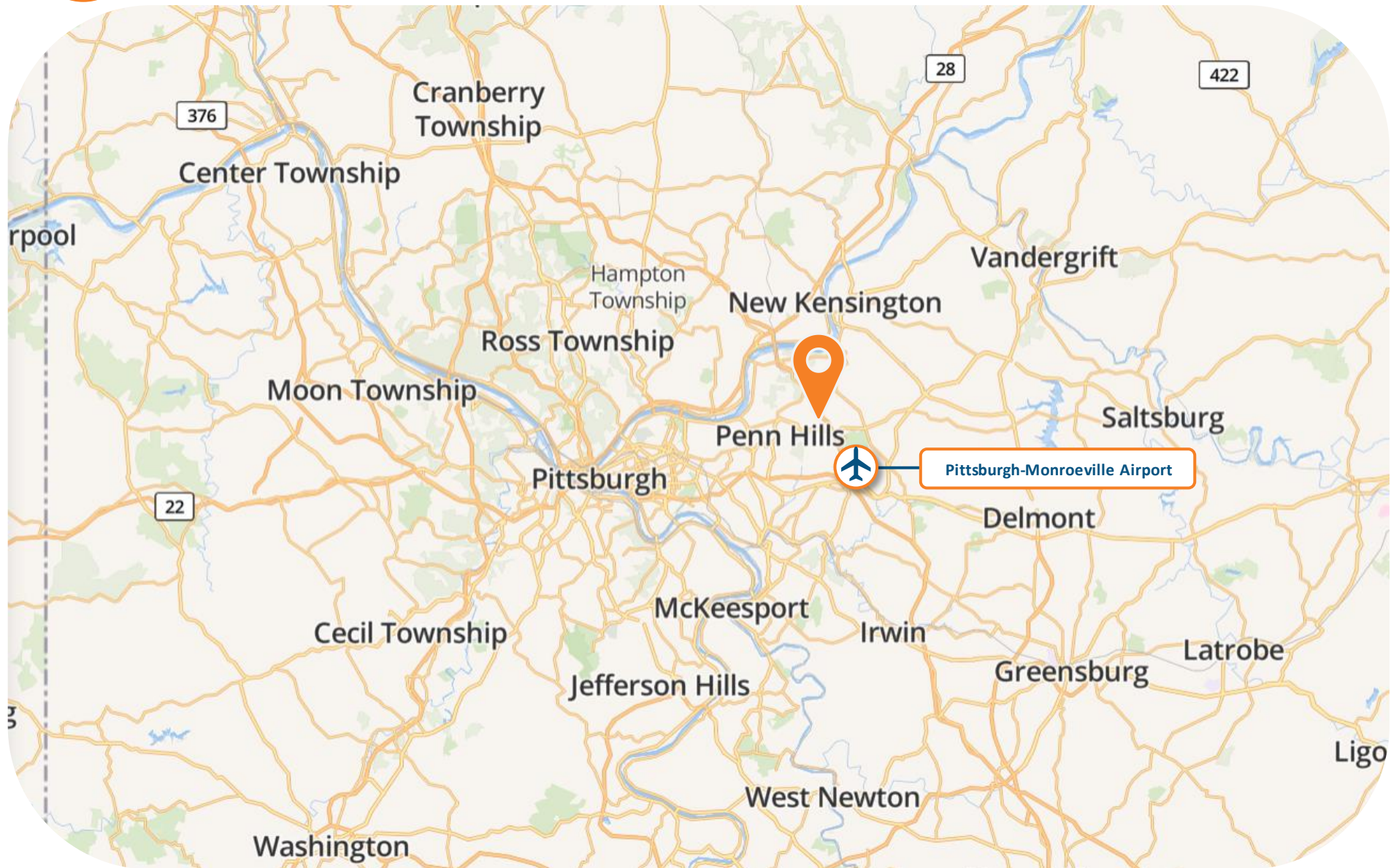






# Local Map

Property Address: 7301 Saltsburg Rd – Pittsburgh, PA 15235

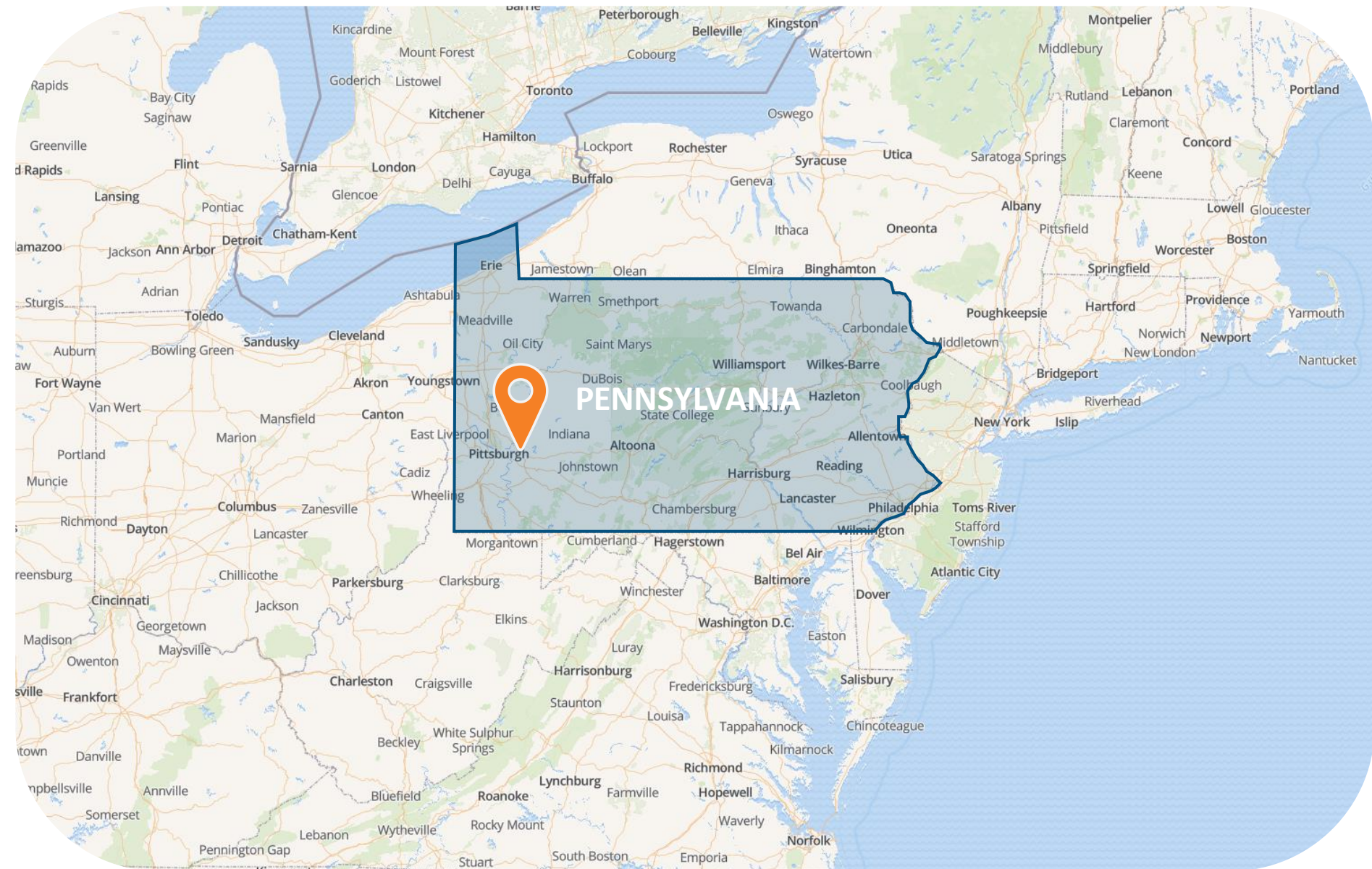






# Regional Map

Property Address: 7301 Saltsburg Rd – Pittsburgh, PA 15235

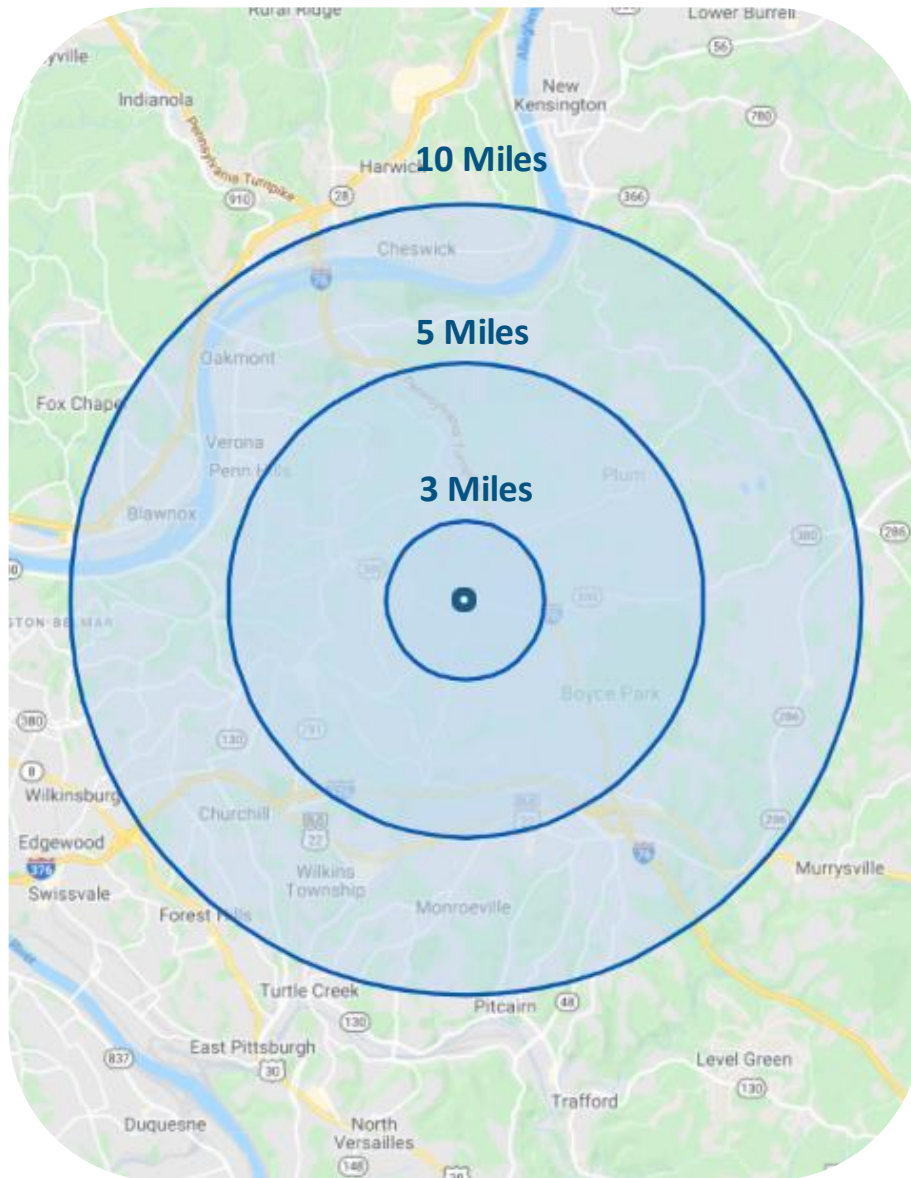






# Demographics

Property Address: 7301 Saltsburg Rd – Pittsburgh, PA 15235



## POPULATION

	3 Miles	5 Miles	10 Miles
2025 Projection	49,369	136,839	545,969
2020 Estimate	49,319	136,728	545,395
2010 Census	49,433	136,921	547,296
2000 Census	51,318	145,895	589,158

## INCOME

	3 Miles	5 Miles	10 Miles
Average	\$75,812	\$78,854	\$80,026
Median	\$61,823	\$60,832	\$54,820
Per Capita	\$33,328	\$35,489	\$36,033

## HOUSEHOLDS

	3 Miles	5 Miles	10 Miles
2025 Projection	21,892	62,029	245,461
2020 Estimate	21,645	61,328	242,786
2010 Census	21,641	61,308	243,400
2000 Census	21,208	61,779	252,958

## HOUSING

	3 Miles	5 Miles	10 Miles
2020	\$129,658	\$139,575	\$145,669

## EMPLOYMENT

	3 Miles	5 Miles	10 Miles
2020 Daytime Population	42,556	141,730	593,057
2020 Unemployment	2.84%	3.34%	4.46%
2020 Median Time Traveled	31	31	28

## RACE & ETHNICITY

	3 Miles	5 Miles	10 Miles
White	72.41%	74.03%	72.47%
Native American	0.02%	0.01%	0.02%
African American	21.03%	19.96%	19.20%
Asian/Pacific Islander	2.73%	2.88%	4.65%



# Market Overview

*Pittsburgh, PA*

## Pittsburgh

The Pittsburgh metro rests at the foothills of the Allegheny Mountains in the southeastern corner of Pennsylvania, outside the congested East Coast corridor. Consisting of Armstrong, Butler, Fayette, Westmoreland, Washington, Allegheny and Beaver counties, the metro contains 2.4 million residents, with more than half concentrated in Allegheny County. The region's economy, which was once dominated by the steel industry, has diversified with the help of the area's many colleges and universities, which provide a steady flow of educated personnel. The city limits of Pittsburgh are located where the Allegheny and Monongahela rivers join to form the Ohio River. Pittsburgh is the most populous city in the metro and the second largest in Pennsylvania, with approximately 310,900 residents is a relatively affordable place to live compared with many other major East Coast metros. In addition, the market has one of the lowest crime rates in the country. There are more than 500 organizations serving southwestern Pennsylvania, such as the Pittsburgh Cultural Trust, which has revitalized downtown. Regional amenities also include three professional sports teams: the Steelers (NFL), Pirates (MLB) and Penguins (NHL). The Pittsburgh Penguins and the University of Pittsburgh Medical Center (UPMC) built a \$72 million sports medical center and practice rinks. UPMC is one of the busiest transplant centers in the world. In addition, Children's Hospital of Pittsburgh is one of the highest-ranked children's hospitals in the nation.

### Employer

### Estimated # of Employees (5 Mile Radius)

Alcoa Primary Products	16,200
Arconic Mexico Holdings LLC	9,001
Allegheny General Hospital	6,645
Bny Mellon	5,674
Hcl Global Systems Inc	5,480
Continuing Care Center	4,500
Boke Investment Company	3,000
Compagnie Des Bxites De Guinee	3,000
Highmark Blue Crss-Blue Shield	3,000
Heinz	2,855
Halco (mining) Inc	2,400
US SI	2,200



**Glen Kunofsky**

Glen.Kunofsky@marcusmillichap.com

O: 212-430-5115

License: 10301203289

**Will Taussig**

william.taussig@marcusmillichap.com

C: 713-855-5560

License: 10401321232



Marcus & Millichap

**EXCLUSIVE NET LEASE OFFERING**



**PA Broker of Record**

Sean Beuche

Marcus & Millichap

2005 Market St., Suite 1510

Philadelphia, PA 19103

Tel: (215) 531 7000

License #RM424190